



## Padre Dam Municipal Water District

San Diego County, California

*Padre dam mun. water  
district  
water district -- San  
Diego co.  
Bonds -- San Diego co.  
San Diego co. -- 2 con. bonds*

**\$2,100,000**

**Bonds for Improvement District C**

**1976 Water Bonds, Series B**

**(General Obligations)**

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Bids to be received by the Secretary of the District at the offices of California First Bank—Trust Department, Second Floor, 530 "B" Street, San Diego, California 92101, at 11:00 A.M., Tuesday, June 27, 1978.



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**PADRE DAM MUNICIPAL WATER DISTRICT**  
**San Diego County, California**

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R. R. Dowers, *Controller*

Barbara J. Reed, *Executive Secretary*

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Jennings, Engstrand & Henrikson

A Professional Law Corporation, *San Diego*

*General Counsel*

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**SPECIAL SERVICES**

James M. Montgomery Consulting Engineers, Inc.

*La Jolla*

O'Melveny & Myers, *Los Angeles*

*Bond Counsel*

Stone & Youngberg Municipal Financing Consultants, Inc., *San Francisco*

*Financing Consultants*

California First Bank, *San Diego and Los Angeles*

Chase Manhattan Bank, N.A., *New York City*

Continental Illinois National Bank & Trust Co., *Chicago*

*Paying Agents*

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**THE DATE OF THIS OFFICIAL STATEMENT IS MAY 23, 1978**



78 02909



# Padre Dam Municipal Water District

10887 Woodside Avenue, P.O. Box 70, Santee, California 92071 (714) 448-3111

May 23, 1978

## TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to supply information to prospective bidders on and buyers of \$2,100,000, Bonds of Padre Dam Municipal Water District for Improvement District C, 1976 Water Bonds, Series B, authorized and issued for the purpose of assisting in the financing of water system improvements and paying of expenses in connection with bond issuance.

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultant to the Padre Dam Municipal Water District with regard to that District's Bonds for Improvement District C, 1976 Water Bonds, Series B. (Such firm will receive compensation from the District contingent upon the sale and delivery of the Bonds.) Summaries herein presented of the Resolution of Issuance, Notice Inviting Bids, proposed project improvements, financial and economic data do not purport to be complete, and reference is made to the documents on file in the office of the Executive Secretary of the District for further information. Statements which involve estimates or opinions, whether or not expressly so described herein, are intended solely as such and are not to be construed as factual reports.

The Official Statement does not constitute a contract with the buyers or holders, from time to time, of the Bonds. The Resolution of Issuance, which does constitute such a contract, is available to any prospective bidder on request from said Secretary.

The legal opinion, approving the validity of the Bonds, will be furnished by O'Melveny & Myers, Los Angeles, California, Bond Counsel to the District, (see "Legal Opinion"). Bond Counsel's participation in the review of this Official Statement has been limited to reviewing the statements of law and legal conclusions as set forth herein under the caption "The Bonds".

No dealer, broker, salesman or other person has been authorized by the District to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The execution and distribution of this Official Statement have been duly authorized by the District.

PADRE DAM MUNICIPAL WATER DISTRICT

/s/ HAROLD S. RAKOWSKI  
President

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Vicinity map showing the Padre Dam Municipal Water District (shaded area in center of map) and its location within San Diego County.

Basic map reproduced by permission of California State Automobile Association.



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# INTRODUCTION

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The \$2,100,000 principal amount of Bonds of Padre Dam Municipal Water District for Improvement District C, 1976 Water Bonds, Series B, (the "Bonds" or the "Series B Bonds") which are currently being offered for sale, represents the second series of \$8,400,000 authorized by more than two-thirds of the voters of the then Rio San Diego Municipal Water District voting at a district-wide election on March 2, 1976. Series A Bonds in the amount of \$5,000,000 were sold in August 1976. In November 1976, the voters approved the dissolution of the Santee County Water District and the merger of that area into the Rio San Diego Municipal Water District. Thereafter, the name of the District was changed to the Padre Dam Municipal Water District. Improvement District C covers all of the former Rio San Diego Municipal Water District. A small area known as Improvement District B has been annexed to the District but it will not be responsible for the Bonds currently offered. The Bonds are general obligations of the area within Improvement District C and are secured by and payable from the District's power and obligation to levy unlimited property taxes. Series B Bond proceeds will be used to finance improvements to the District's water system, principally a 19 million gallon reservoir and connecting pipelines, to enable the District to meet the needs of its customers.

The District receives its water as a member of the San Diego County Water Authority which in turn is a member of the Metropolitan Water District of Southern California. The District wholesales water to the Lakeside Irrigation District; Padre Dam Municipal Water District—Improvement Districts No. 1 and A (the former Santee County Water District); and

the Riverview Water District. The four districts then sell water to their respective retail customers. As of February 28, 1978, the combined water connections totaled 17,278. The District also sells water to San Diego County for a county-owned and operated park.

The District is located in south-central San Diego County about 25 miles east of the City of San Diego. The District was formed in 1955 and comprises about 85 square miles. It is governed by a five-member Board of Directors elected for overlapping four-year terms. An estimate by the San Diego County Planning Department as of January 1977 reported the District's population to be 79,410, as compared to the 1970 Federal census total of 51,506. Home values in the District range from \$30,000 to over \$150,000 with an average in excess of \$50,000.

The District is mostly unincorporated but includes a number of separate communities, principally residential in character. The District is adjacent to the City of El Cajon and a well-developed commercial and industrial center. Two freeways provide access to the entire San Diego Metropolitan Area and beyond, thus allowing District residents to avail themselves of employment, recreational and cultural activities of the entire region.

The District's 1977/78 assessed valuation, excluding Improvement District B, is \$230,090,792. Since 1968/69, the assessed valuation has increased from \$33,599,020, almost seven times. For the period 1970/71-1976/77, secured tax delinquencies averaged 4.53%. However, total collections, including prior years' collections, penalties and interest, averaged 98.7% of the current levy over the same period. As discussed on page 15 of this official statement, including the Series B Bonds currently offered but excluding former Santee County Water District bonds and bonds for Improvement District No. 1, the District's outstanding general obligation bonded debt will be \$7,120,000 as of the sale date of the Series B Bonds. The District's total direct and estimated gross and net overlapping debt will be \$25,412,390 and \$22,181,054, respectively, or 11.04% and 9.64% of the 1977/78 assessed valuation.



# THE BONDS

## Authority for Issuance

At an election held on March 2, 1976, voters of the Rio San Diego Municipal Water District authorized the issuance of \$8,400,000 of general obligation bonds by a vote of 3,894 to 718 (84.4 percent).

At a district-wide election held on November 2, 1976, the voters of the Santee County Water District approved dissolution of that district and the merger of that area into the Rio San Diego Municipal Water District as of December 31, 1976. The name of the District was changed to Padre Dam Municipal Water District (the "District") effective January 1, 1977. It is noted the voters voting at the bond election in March 1976 included those voters in the area now known as Improvement District C and the Series B Bonds will be issued for said Improvement District.

Series A Bonds in the amount of \$5,000,000 were sold by the Rio San Diego Municipal Water District on August 17, 1976. The \$2,100,000 Series B Bonds now being offered for sale represent the second series of the \$8,400,000 authorization. The Bonds will be issued pursuant to the provisions of a resolution of the District Board of Directors adopted May 23, 1978. Proceeds from the sale of the Bonds will be used to finance water system improvements in the District.

## Terms of Sale

Bids for the purchase of the Bonds will be received by the Secretary of the Board of Directors of the Padre Dam Municipal Water District at 11:00 A.M., Tuesday, June 27, 1978, at the offices of California First Bank, Trust Department, Second Floor, 530 "B" Street, San Diego, California 92101. It is anticipated that award of the Bonds to the successful bidder will be made by the Board of Directors at its meeting later on the same date. Details of the terms of sale are included in the Notice Inviting Bids dated May 23, 1978, a copy of which accompanies this official statement as originally distributed.

## Description of the Bonds

The \$2,100,000 principal amount of Series B Bonds will be dated July 1, 1978 and will be issued in denominations of \$5,000 each. The Bonds will be numbered B1 through B420 and will be payable annually on July 1 of each year as shown in the tabulation below.

Interest is payable semi-annually on the first days of January and July in each year, commencing January 1, 1979. Interest and principal are payable at the main offices of the California First Bank, San Diego or Los Angeles, California; Chase Manhattan Bank N.A., New York City; or Continental Illinois National Bank and Trust Co., Chicago, Illinois.

## MATURITY SCHEDULE

Maturity Date July 1	Principal Amount	Maturity Date July 1	Principal Amount
1979 ....	\$ 35,000	1992 ....	\$ 80,000
1980 ....	35,000	1993 ....	85,000
1981 ....	40,000	1994 ....	90,000
1982 ....	40,000	1995 ....	100,000
1983 ....	45,000	1996 ....	105,000
1984 ....	50,000	1997 ....	110,000
1985 ....	50,000	1998 ....	120,000
1986 ....	55,000	1999 ....	130,000
1987 ....	60,000	2000 ....	135,000
1988 ....	60,000	2001 ....	145,000
1989 ....	65,000	2002 ....	155,000
1990 ....	70,000	2003 ....	165,000
1991 ....	75,000		

## Redemption Provisions

Bonds maturing on or before July 1, 1992, a total principal amount of \$680,000, are not subject to call and redemption prior to their fixed maturity dates. Bonds maturing on or after July 1, 1993, a total principal amount of \$1,420,000, are subject to call and redemption, at the option of the District, as a whole or in part in inverse order of maturity and by lot within a single maturity on July 1, 1992, or on any interest payment date thereafter, upon payment of a redemption price equal to the principal amount thereof plus a premium of one-quarter of one percent ( $\frac{1}{4}\%$ ) of such principal amount for each year or fraction of a year from the redemption date to the maturity date of the Bonds called for redemption. The maximum premium payable on Bonds called July 1, 1992 would be two and three-quarters percent ( $2\frac{3}{4}\%$ ).



## Notice of Redemption

Notice of redemption is to be published in a newspaper of general circulation in the County of San Diego, California and a financial newspaper or financial journal, published in The City of New York, New York. Publication must be at least 30 days but not more than 60 days prior to the redemption date. The paying agent is required to give written notice to the owners of any registered Bonds.

## Registration

The Bonds will be issued as coupon bonds and will be registrable only as to both principal and interest, with the privilege of discharge from registration and re-registration, all in accordance with the provisions in the resolution providing for the issuance of the Bonds.

## Purpose of Issue

The proceeds from the sale of the Series B Bonds will be used to finance construction of a reservoir and other improvements to the District's existing water supply system so as to meet storage and transmission needs of the District in providing water to users. The improvements to be constructed are detailed in the section of this official statement entitled "The Project."

## Tax Exempt Status

In the opinion of Bond Counsel, interest on the Bonds is exempt from present federal income taxes and from State of California personal income taxes under existing statutes, regulations and court decisions.

## Security

The Bonds are general obligations of Improvement District C of the Padre Dam Municipal Water District. Under the Municipal Water District Law of 1911, if the revenues of an improvement district are, or in the judgment of the Board of Directors probably will be, inadequate to pay the principal and interest on the Bonds, the District has the power and is obligated to levy annual ad valorem taxes for payment of the Bonds and the interest thereon upon all property within the Improvement District subject to taxation by the District (except certain personal property which is taxable at limited rates) without limitation as to rate or amount. The foregoing obligations, however, may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights.

## Proposed Tax Limitation—Initiative Constitutional Amendment

The District has been made aware of a proposed initiative measure entitled "Tax Limitation—Initiative Constitutional Amendment," commonly known as the "Jarvis-Gann Initiative," which has qualified for a place on the ballot at the June 6, 1978 statewide election.

The office of the Attorney General has provided the following summary of the measure:

**"TAX LIMITATION—INITIATIVE CONSTITUTIONAL AMENDMENT.** Limits ad valorem taxes on real property to 1% of value except to pay indebtedness previously approved by voters. Establishes 1975-1976 assessed valuation base for property tax purposes. Limits annual increases in value. Provides for reassessment after sale, transfer, or construction. Requires 2/3 vote of Legislature to enact any change in state taxes designed to increase revenues. Prohibits imposition by state of new ad valorem, sales, or transaction taxes on real property. Authorizes imposition of special taxes by local government (except on real property) by 2/3 vote of qualified electors. Financial impact: Commencing with fiscal year beginning July 1, 1978, would result in annual loss of local government property tax revenues (approximately \$7 billion in 1978-79 fiscal year), reduction in annual state costs (approximately \$600 million in 1978-79 fiscal year), and restriction on future ability of local governments to finance capital construction by sale of general obligation bonds."

The District can neither predict whether or not the Initiative will be approved by the voters nor can it predict whether or not the validity of the Initiative will, if thereafter challenged, be upheld, in whole or in part, by the courts. Further, the District cannot make any predictions or give any assurances as to the exact ramifications of the Initiative, if approved, upon any ad valorem taxes relating to operations of the District.

The Initiative provides that the limitation on ad valorem taxes or assessments on real property to 1% of value does not apply to ad valorem taxes or assessments to pay indebtedness previously approved by the voters. **Accordingly, the District believes that if the Initiative is approved, it will not limit the District's ability to levy ad valorem taxes for the payment of the Series B Bonds and the interest thereon.**



## The Behr Act

On March 3, 1978, the Governor of the State of California signed urgency legislation S.B. No. 1 (commonly known as the "Behr Bill") which provides an alternative approach to property tax relief in place of the Jarvis/Gann Initiative Amendment. The Behr Bill is Chapter 24 of the current 1977-78 regular session of the Legislature and takes effect immediately as an urgency statute; however, the bill specifies various operative dates for its provisions.

The Legislative Counsel's Digest for the bill as finally adopted is as follows:

### "LEGISLATIVE COUNSEL'S DIGEST"

Under existing law, all taxable property on the secured roll is subject to taxation at the same rate, while property on the unsecured roll is subject to taxation at the rate applied to the secured roll for the prior fiscal year, and the first \$7,000 of the full value of an owner-occupied dwelling is exempted from taxation.

This bill would provide for the taxation of owner-occupied dwellings at a different rate than other taxable property.

Existing law limits the maximum property tax rate which may be levied by local agencies.

This bill would revise the method of computing maximum property tax rates so that local agencies shall receive a specified amount of tax revenues, reduced by certain reduced costs of specified social service programs.

Existing law authorizes a \$37 credit against taxes due under the Personal Income Tax Law for qualified renters. If the amount of the credit exceeds income tax liability, the excess is paid to the claimant.

This bill would change the amount of the credit or payment to \$75, commencing with taxable years beginning on and after January 1, 1978.

Under existing law, payments of state funds are made to homeowners and renters 62 years of age or older on the basis of a percentage (determined by total household income) of property taxes paid by homeowners or the statutory property tax equivalent presumed to be paid by renters.

This bill would revise the schedule of benefits payable to homeowners and renters.

Existing law does not limit the amount of revenues collected by the State of California.

This bill would set a state revenue limit which is increased annually by the percentage increase in California Personal Income multiplied by a revenue elasticity factor.

Under existing law, counties are required to pay a specified share of the costs of the Supplementary Program for the aged, blind and disabled and specified Medi-Cal programs.

This bill would alter counties' shares of such programs according to a formula.

This bill would become operative only if Proposition 8 on the ballot for the June 6, 1978 election is approved by the voters and Proposition 13 on such ballot is rejected by the voters, or is declared unconstitutional by the courts.

The bill would take effect immediately as an urgency statute, but would specify various operative dates for its provisions."

The main effect of the Behr Bill is a reduction in the rate of taxation on owner-occupied dwellings as compared to other taxable property. The Behr Bill adds Sections 2350 to 2355 to the Revenue and Taxation Code which provide for a reduction of approximately 30% in the total ad valorem property tax rate which would apply to owner-occupied dwellings. Said Section 2355 provides further that the State Controller shall reimburse each County Auditor for the amount of revenue loss by each taxing agency due to the tax rate reductions from State funds and the section provides the County Auditor shall allocate the reimbursement to local agencies as though the amount had been paid by the taxpayers.

While the Behr Bill provides a lesser amount of direct property tax relief, it does provide alternative sources of funding local government losses, primarily through state reimbursement programs as noted above. However, the bill also contains various revenue limitation provisions (which in part continue existing limitations) which could affect the amount of future tax revenues which may be received by the District for operating expenses.

The Behr Bill will become law in its entirety only if (1) it is approved by the voters at the June 6 statewide election and (2) if the Jarvis-Gann Initiative is defeated or declared unconstitutional by the courts.

### *Constitutional Amendment No. 6*

Also appearing on the June 6, 1978 ballot as Proposition No. 8 thereon is California Senate Constitutional Amendment No. 6. The proposed amend-



ment would add Section 9.5 to Article XIII of the California Constitution to read as follows:

**“PROPERTY TAXATION—OWNER OCCUPIED DWELLINGS CONSTITUTIONAL AMENDMENT**

Section 9.5. The Legislature may provide for the taxation of owner occupied dwellings, as defined by the Legislature, or any fraction of the value thereof, at a rate lower than that levied on other property. In no event may the tax rate levied on other property be increased as a result of lowering the tax rate levied on owner occupied dwellings.”

The Legislative Counsel’s Digest of this proposed amendment as found in Resolution Chapter 85 of the 1977-78 Regular Session of the California Legislature is reprinted below.

“The existing Constitution provides that all property is taxable at the same percentage of fair value.

This measure would allow Legislature to provide for the taxation of owner occupied dwellings, or any fraction of the value thereof, at a lower rate than that levied on other property, but would prohibit an increase in the tax rate on other property as a result of lowering the tax rate on owner occupied dwellings. The Legislature would be authorized to define ‘dwellings’.”

The Behr Bill contains language which is specifically intended to satisfy the second sentence of the proposed Constitutional Amendment. Section 44 of Chapter 24 of the 1978 statutes (Behr Bill) provides:

“SEC. 44. (a) It is the intent of the Legislature in enacting Section 2261 of the Revenue and Taxation Code that the provisions of such section are compatible with the provisions of Section 9.5 of Article XIII of the State Constitution, as added by Proposition 8 on the ballot for the statewide election on June 6, 1978. The Legislature intends that the provision of Section 9.5 requiring ‘in no event may the tax rate levied on other property be increased as a result of lowering the tax rate on owner-occupied dwellings’ is fulfilled by the provision of Section 2261, which prevents the tax rate on property other than owner occupied dwellings from increasing over the prior year’s tax rate for such property when the tax rate on owner occupied dwellings is reduced below the tax rate on such dwellings for the prior year.

(b) It is the intent of the Legislature, in enacting Article 10 (commencing with Section 2350) of Chapter 3 of Part 4 of Division 1 of the Revenue and Taxation Code, that the tax rate reductions for owner-occupied dwellings provided in that article comply with the provisions of Section 9.5 of Article XIII of the State Constitution, as added by Senate Constitutional Amendment No. 6 of the 1977-78 Regular Session of the Legislature, because the state directly reimburses local governments for revenue losses resulting from that article, and no shift of tax burden to other property is involved or permitted.”

By its terms, the Behr Act will become operative only if (i) Proposition 8, which would amend the California constitution to permit taxation of owner-occupied properties at a different rate than that applicable to other properties, is approved by the voters at the June 6, 1978 election and (ii) Proposition 13, the aforementioned Jarvis-Gann Initiative, is rejected by the voters at the June 6, 1978 election or declared unconstitutional by the courts. Due to these contingencies, the District cannot predict if the Behr Act will ultimately become operative. **However, the District believes that if the Behr Act becomes operative, it will not limit the District’s ability to levy ad valorem taxes for the payment of the Series B Bonds and the interest thereon.**

## **Legal Opinion**

The opinion of O’Melveny & Myers, Los Angeles, California, Bond Counsel for the District, attesting to the validity of the Bonds, will be supplied free of charge to the purchaser of the Bonds. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each bond without charge to the successful bidder.

The statements of law and legal conclusions set forth in this official statement under the heading “The Bonds” have been reviewed by Bond Counsel. Bond Counsel’s employment is limited to a review of the legal proceedings required for the authorization of the Bonds and to rendering an opinion as to the validity of the Bonds and the exemption of interest on the Bonds from income taxation (see section hereof entitled “Tax Exempt Status”). The opinion of Bond Counsel will not consider or extend to any documents, agreements, representations, offering circulars or other material of any kind concerning the Bonds, including this official statement, not mentioned in this paragraph.

## Closing Documents

Each proposal will be understood to be conditioned upon the District furnishing to the Purchaser, without charge, concurrently with payment for and delivery of the Bonds, the following closing documents, each dated the date of delivery:

(a) *Legal opinion*—The opinion of O'Melveny & Myers, Los Angeles, California, Bond Counsel, approving the validity of the Bonds and stating that interest on the Bonds is exempt from income taxes of the United States of America under present federal income tax laws, and that such interest is also exempt from personal income taxes of the State of California under present state income tax laws.

A copy of the opinion of O'Melveny & Myers, certified by an officer of the District by facsimile signature, will be printed on the back of each bond. No charge will be made to the Purchaser for such printing or certification.

(b) *Non-Arbitrage Certificate*—A certificate of an officer of the District that on the basis of the facts, estimates and circumstances in existence on the date of issue, it is not expected that the proceeds of the Bonds will be used in a man-

ner that would cause the Bonds to be arbitrage bonds.

(c) *No-Litigation Certificate*—A certificate signed by an officer of the District that there is no litigation threatened or pending affecting the validity of the Bonds.

(d) *Signature Certificate*—A certificate of the officers and representatives of the District, showing that they have signed the Bonds, whether by facsimile or manual signature, and that they were respectively duly authorized to execute the same.

(e) *Treasurer's Receipt*—The receipt of the District Treasurer showing that the purchase price of the Bonds, including interest accrued to the date of delivery thereof has been received by the District.

(f) *Certificate Re Official Statement*—A certificate of an officer of the District, acting in his official and not his personal capacity, to the effect that at the time of sale of the Bonds and at all times subsequent thereto up to and including the time of delivery of the Bonds, the official statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.



# ESTIMATED ANNUAL BOND SERVICE

Table 1 presents an estimate of annual bond service for the \$2,100,000 principal amount of the Series B Bonds. Interest is estimated at 6½ percent. Actual bond service on the District's outstanding 1956 and 1976 Series A general obligation bonds is also shown.

**Table 1**

## **PADRE DAM MUNICIPAL WATER DISTRICT**

### **Estimated Annual Bond Service**

Year Ending July 1	Estimated Bond Service, 1976 Bonds, Series B				1956 Bonds 1976 Bonds, Series A Actual Bond Service	Grand Total
	Principal Outstanding	Interest at 6½ %	Principal Maturing July 1	Total Bond Service		
1979 .....	\$2,100,000	\$ 136,500	\$ 35,000	\$ 171,500	\$ 378,763	\$ 550,263
1980 .....	2,065,000	134,225	35,000	169,225	382,787	552,012
1981 .....	2,030,000	131,950	40,000	171,950	381,288	553,238
1982 .....	1,990,000	129,350	40,000	169,350	379,438	548,788
1983 .....	1,950,000	126,750	45,000	171,750	382,063	553,813
1984 .....	1,905,000	123,825	50,000	173,825	379,163	552,988
1985 .....	1,855,000	120,575	50,000	170,575	380,738	551,313
1986 .....	1,805,000	117,325	55,000	172,325	381,613	553,938
1987 .....	1,750,000	113,750	60,000	173,750	371,788	545,538
1988 .....	1,690,000	109,850	60,000	169,850	371,638	541,488
1989 .....	1,630,000	105,950	65,000	170,950	370,788	541,738
1990 .....	1,565,000	101,725	70,000	171,725	374,063	545,788
1991 .....	1,495,000	97,175	75,000	172,175	377,998	550,173
1992 .....	1,420,000	92,300	80,000	172,300	382,625	554,925
1993 .....	1,340,000	87,100	85,000*	172,100	386,253	558,353
1994 .....	1,255,000	81,575	90,000*	171,575	388,850	560,425
1995 .....	1,165,000	75,725	100,000*	175,725	395,248	570,973
1996 .....	1,065,000	69,225	105,000*	174,225	395,548	569,773
1997 .....	960,000	62,400	110,000*	172,400	399,868	572,268
1998 .....	850,000	55,250	120,000*	175,250	407,770	583,020
1999 .....	730,000	47,450	130,000*	177,450	414,103	591,553
2000 .....	600,000	39,000	135,000*	174,000	418,919	592,919
2001 .....	465,000	30,225	145,000*	175,225	422,213	597,438
2002 .....	320,000	20,800	155,000*	175,800	430,500	606,300
2003 .....	165,000	10,725	165,000*	175,725	—	175,725
Totals ..		\$2,220,725	\$2,100,000	\$4,320,725	\$9,354,025	\$13,674,750

\*Callable on or after July 1, 1992.

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# THE PROJECT

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## The Improvement Program

In May 1978, the District began to receive its water from both the Colorado River and the Feather River via the California State Water Project. Receipt of the latter water was delayed due to the drought conditions in California prior to the Winter of 1977/78, when higher than normal rainfall and snowfall replenished water supplies. The blended water received by the District is being fully treated through agreement with the San Diego County Water Authority.

Proceeds from the sale of \$5,000,000 Series A Bonds in August 1976 were used to finance a 15.5 million gallon reservoir, storage tanks, pipelines and other water system improvements needed to adequately receive, store and deliver the treated blended water.

## The Series B Bond Projects

Proceeds from the sale of the Series B Bonds currently offered will be used to finance construction of the 19 million gallon Lakeview Reservoir, a connecting pipeline, and other necessary system additions and modifications. The major project is the reservoir which will provide storage to meet peak demands and for emergencies.

Based on construction bids received May 18, 1978, and on engineering estimates, the estimated cost of the various projects is as shown in Table 2, together with sources of funds. The apparent successful bidder was Trepte Construction Company, Incorporated, San Diego, California. The contract for reservoir construction requires completion within sixteen months. It is anticipated construction will commence in August 1978 and be completed by December 1979.

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**Table 2**  
**Estimated Project Costs**

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Project Costs:	
Lakeview Reservoir .....	\$2,464,304 <sup>①</sup>
Connecting pipelines .....	295,000 <sup>①</sup>
Contingencies .....	300,000
Engineering, inspection and testing .	300,000
Costs of bond issuance .....	40,696
Total Costs .....	<u>\$3,400,000</u>
Sources of Funds:	
Series A Bond Proceeds .....	\$1,300,000
Series B Bond Proceeds .....	<u>2,100,000</u>
Total Funding .....	<u>\$3,400,000</u>

<sup>①</sup> Based on construction bids.

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The District anticipated financing a new pipeline and appurtenances with Series A Bond proceeds. Subsequent to the sale of the Series A Bonds, the District was able to lease a portion of the City of San Diego's El Capitan pipeline, negating the need to construct the aforementioned new pipeline. This, plus lower than estimated actual construction costs on other Series A Bond financed improvements, has resulted in approximately \$1,300,000 of Series A Bond proceeds remaining and which will be used, along with Series B Bond proceeds, to finance the improvements summarized in Table 2.

## Environmental Considerations

The project is subject to the provisions of the California Environmental Quality Act (Public Resources Code, Section 21000 et seq.). Environmental impact assessments were made and negative declarations adopted by the Board of Directors on October 5, 1976. Notices of Determination were filed with the San Diego County Clerk on November 3, 1976.

## Additional Financing

The District does not now anticipate sale of the remaining authorized 1976 Water Bonds in the foreseeable future.



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# DISTRICT ORGANIZATION AND FACILITIES

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## Formation and Organization

The Rio San Diego Municipal Water District was formed in 1955 pursuant to the Municipal Water District Law of 1911 (California Water Code Section 71000 et seq.). The District was formed to provide for a supplemental water supply to its residents. On November 2, 1976, voters of the Santee County Water District approved dissolution of that district and the merger of that area into the Rio San Diego Municipal Water District. The latter assumed all functions and operations of the former as of December 31, 1976. Effective January 1, 1977, the District's name was changed to the Padre Dam Municipal Water District.

The District is governed by a five-member Board of Directors elected on a staggered basis for four-year terms. The present board members and manager-engineer are as follows:

Harold S. Rakowski — *President of the Board*. Mr. Rakowski is an insurance broker and has served on the board since 1958. Mr. Rakowski is also a member of the Board of Directors of the San Diego County Water Authority.

George R. Ribley — *Vice President of the Board*. Mr. Ribley, a retired businessman, has served on the board since 1958.

Robert M. Smith — *Board member and Treasurer*. Mr. Smith is a retired rancher and has served on the board since 1967. Mr. Smith is also a commissioner for Zone 2 of the San Diego County Flood Control District.

Alex L. Adams — *Board member*. Mr. Adams, a retired rancher, has served on the board since 1961. Mr. Adams is also a National Councilman of the California Association of Resource Conservation Districts.

Larry J. Evans — *Board member*. Mr. Evans, a contractor, was first elected to the Santee County Water District Board of Directors in 1967. He was elected to the District board in 1977.

Edwin W. Houser — *Manager-Engineer*. Mr. Houser has served as the District Manager-Engineer since July 1962. He holds a Bachelor of Science Degree in civil engineering from the University of Illinois. Prior to joining the District, Mr. Houser was engaged in engineering consulting.

The District currently employs 75 full-time employees to provide management, engineering maintenance and operation of the District's water system. The District does not anticipate the need for additional personnel as a result of the improvements to be financed by Bond proceeds.

The overall District comprises a total of about 85 square miles and is located about 25 miles east of the City of San Diego and is immediately north and east of the City of El Cajon. The District includes the unincorporated communities of Alpine, Harbison Canyon, Crest, Lakeside and Santee.

The District includes five Improvement Districts. All are governed and operated by the overall District's Board of Directors and staff and have no separate employees.

Improvement District A comprises the former Santee County Water District. Comprising about 21 square miles, it includes principally the unincorporated community of Santee.

Improvement District B is a small area, known as Pepper Drive area, within Improvement District A that is part of the Padre Dam Municipal Water District for sewer service only. Water service is provided by the Helix Water District.

Improvement District C covers the entire former Rio San Diego Municipal Water District. As such, Improvement District C includes the entire Padre Dam Municipal Water District (Improvement Districts A, 1 and 2) except for the aforementioned Improvement District B.

Improvement District No. 1, comprising about 53 square miles, includes the communities of Alpine, Harbison Canyon and Crest. This Improvement District was formed in 1961 to finance transmission lines and storage facilities to receive water from the San Diego County Water Authority Aqueducts, thus ensuring a constant supply of water.

Improvement District No. 2, located entirely within Improvement District No. 1, was formed in 1968 to finance improvement of a private water system acquired by the District. General obligation bonds in the amount of \$200,000 were authorized but the improvements have not been necessary and

no bonds have been sold or special property tax levied within Improvement District No. 2. The District does not anticipate a change in the current status.

## **District Facilities**

At present, the District owns a chlorination station, the recently completed 15.5 million gallon Woodside Reservoir, all facilities of the former Santee County Water District, including the Santee Lakes water reclamation facility, and is purchasing a portion of the El Capitan pipeline from the City of San Diego and is leasing another portion of the same pipeline. All other reservoirs, pipelines, pumping stations and appurtenances are owned and operated by the other districts that the District wholesales water to, as described more fully in subsequent paragraphs.

In Improvement District No. 1, water transmission and storage facilities have been constructed and are owned and operated by the District.

All facilities to be constructed utilizing proceeds from the Series B Bonds currently offered will be owned and operated by the District.

The Padre Dam Municipal Water District also owns and operates the Santee Lakes water reclamation facilities that have become world-renowned. By converting sewage to usable water, it has created a series of seven recreational lakes around which it has constructed a public park. The park is used by approximately 300,000 persons annually for boating, fishing and picnicking.

## **Water Supply**

The Padre Dam Municipal Water District presently obtains its water supply by means of participation rights as a member of the San Diego County Water Authority, which in turn is a member of the Metropolitan Water District of Southern California described below. The District also has capacity rights by reason of an agreement with the Helix Water District, having purchased these rights with proceeds from a 1956 bond issue. The District has no water rights in local streams or water tables nor does it have any wells.

Water from Northern California via the State Water Project is now available to the San Diego County Water Authority and blended with the Colorado River water. Through its participation rights in the Authority, the District is receiving its share of the blended water.

## **Metropolitan Water District**

The Metropolitan Water District of Southern California is a public corporation organized in 1928 under the authority of the Metropolitan Water District Act. This act provides a means whereby groups of cities and certain other governmental subdivisions such as municipal water districts, not necessarily contiguous, may join together for the development of a water supply. The territory of the Padre Dam Municipal Water District was annexed to the Metropolitan Water District after the former's formation and was charged an annexation fee equal to all back taxes plus 4% interest. As of June 30, 1977 the annexation charges to be paid by a special Metropolitan Water District tax totalled \$463,827. This amount is to be repaid by 1991. Metropolitan Water District basic and annexation taxes are collected at the same time and in the same manner as city, county and school district taxes.

## **San Diego County Water Authority**

The San Diego County Water Authority was formed in 1944 under the County Water Authority Act for the purpose of transporting Colorado River water to supplement the local water supply. The Authority also delivers State Water Project water to its member agencies. The first San Diego Aqueduct was constructed by the U.S. Bureau of Reclamation with Navy Department funds, repayable by annual payments by the Authority. The second aqueduct was constructed by the Authority, financed by a general obligation bond issue. The annexation charges owed by the Padre Dam Municipal Water District, calculated in a similar manner to Metropolitan Water District annexation charges, totalled \$960 as of June 30, 1977 and will be repaid by 1980.

## **District Water Sales**

The District purchases water from the San Diego County Water Authority and wholesales it to the Lakeside Irrigation District; Padre Dam Municipal Water District—Improvement Districts A and No. 1 and the Riverview Water District. These districts in turn sell the water to their respective retail customers. The District also sells water to the County of San Diego for the county-owned and operated El Monte Park.

## **Water Connections**

The following tabulation presents a summary since fiscal 1971/72 of the number of connections for which the District provides water on a wholesale basis.



## PADRE DAM MUNICIPAL WATER DISTRICT Water Connections

Year at June 30	Padre Dam I.D. A	Padre Dam I.D. 1	Lakeside Irrigation District	Riverview Water District	Total
1972 .....	7,757	1,224	2,427	1,196	12,604
1973 .....	8,612	1,369	2,587	1,216	13,784
1974 .....	9,148	1,484	2,747	1,236	14,615
1975 .....	9,486	1,580	2,907	1,296	15,269
1976 .....	9,684	1,676	3,067	1,519	15,946
1977 .....	10,270	1,818	3,206	1,563	16,857
1978 (as of February 28) ..	10,469	1,929	3,238	1,642	17,278

Source: Respective districts.

## Water Rates

The District passes on the cost of the water it purchases from the San Diego County Water Authority plus an \$8 per acre foot of water wholesale charge, or override, to the retail purveyors of the water. This rate became effective July 1, 1976 and doubled the previous \$4/acre foot rate. The District sells an average of 12,000 acre feet annually; therefore the wholesale charge is expected to generate approximately \$96,000 in 1978/79. The District charges San Diego County, on a monthly basis, \$4.05/1,000 cubic feet for the first 4,000 cubic feet, \$2.60/1,000 cubic feet for the next 8,000 cubic feet, and \$1.75/1,000 cubic feet for the excess over 12,000 cubic feet for water the county purchases for El Monte Park.

Each of the retail water purveyors has graduated bi-monthly water rates as summarized in the tabulations following. The districts also have connection, installation, and other special charges not shown.

## PADRE DAM MUNICIPAL WATER DISTRICT IMPROVEMENT DISTRICT NO. 1

### Bi-Monthly Water Rates\*

Service Area	Per 100 Cubic Feet	
	First Three Acre-Feet	Excess Over Three Acre-Feet
I .....	\$0.584	\$0.401
IIA and III .....	0.664	0.467
IIB and IVA .....	0.759	0.563
IVB .....	0.826	0.621
IVC .....	0.876	0.664

\*Effective February 21, 1978.

Source: Padre Dam Municipal Water District.

## LAKESIDE IRRIGATION DISTRICT

### Bi-Monthly Water Rates\*

Amount	Rate
All water delivered .....	\$.26/100 c.f.
Plus meter charge, 5/8"-6" meter ...	\$6-\$75
Fire service .....	\$10
Qualifying agricultural credit .....	\$.07/100 c.f. over 12,000 c.f.

\*Effective February 1, 1978.

Source: Lakeside Irrigation District.

## RIVERVIEW WATER DISTRICT

### Bi-Monthly Water Rates\*

Amount	Minimum	Rate
1st Level .....	\$ 8.00	\$.40/100 c.f.
2nd Level .....	9.00	.43/100 c.f.
3rd Level .....	10.00	.48/100 c.f.

\*Effective May 1, 1977.

Source: Riverview Water District.

## PADRE DAM MUNICIPAL WATER DISTRICT IMPROVEMENT DISTRICT A

### Bi-Monthly Water Rates\*

Amount	Rate
First 977,553 gallons .....	\$.0676/100 gal.
Excess over .....	.0523/100 gal.

\*Effective February 21, 1978.

Source: Padre Dam Municipal Water District.



Aerial view of the Santee Lakes. These seven lakes were formed by reclaimed water from the District's water reclamation facilities. Approximately 300,000 persons use the lakes and surrounding park annually.



# DISTRICT FINANCIAL DATA

## Assessed Valuations

The Padre Dam Municipal Water District uses the facilities of San Diego County for the assessment and collection of taxes for District purposes. As a Municipal Water District, the District taxes all land, improvements and personal property within its boundaries that are subject to taxation. District taxes are collected at the same time and on the same tax rolls as are city, county and school district taxes. The California State Board of Equalization reports the 1977/78 San Diego County valuations average 24.6 percent of full value except for public utility property, which was reported to be assessed at 25 percent of full cash value by the state.

The California State Legislature adopted two types of State-reimbursed exemptions beginning in the tax year 1969/70. The first currently exempts 50 percent of the assessed valuation of business inventories from taxation. The second exemption currently provides a credit of \$1,750 of the assessed valuation of an owner-occupied dwelling for which application has been made to the county assessor.

Revenue estimated to be lost to local taxing agencies due to the above exemptions is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt values and therefore is not reduced by any amount for estimated or actual delinquencies.

However, on April 20, 1978, the Governor signed into law a measure that provides for the gradual exemption of the assessed valuation of business inventories until a 100% exemption is reached in 1983/84. The loss of revenues to local taxing agencies resulting from this exemption will be reimbursed by the State, using the 1977/78 tax year as a base year plus an inventory adjustment factor. This measure will not become effective if the aforementioned Jarvis-Gann Initiative is successful and upheld by the courts.

The following summary presents the District's 1977/78 assessed valuation before and after giving effect to such State-reimbursed exemptions.

## PADRE DAM MUNICIPAL WATER DISTRICT 1977/78 Assessed Valuations<sup>①</sup>

Roll	Net Assessed Valuation	State-reimbursed Exemptions	Assessed Valuation for Revenue Purposes
Secured ..	\$187,510,271	\$23,605,570	\$211,115,841
Utility ...	11,190,150	—	11,190,150
Unsecured.	6,547,151	1,237,650	7,784,801
Total ...	\$205,247,572	\$24,843,220	\$230,090,792

① Excludes Improvement District B.

Source: San Diego Auditor-Controller.

Since 1968/69 the District's assessed valuation has multiplied almost seven times, as summarized in the tabulation.

## PADRE DAM MUNICIPAL WATER DISTRICT Growth in Assessed Valuation

Fiscal Year	Assessed Valuation <sup>①</sup>
1968/69 .....	\$ 33,599,020
1969/70 .....	43,581,428
1970/71 .....	74,400,124
1971/72 .....	91,455,895
1972/73 .....	106,812,973
1973/74 .....	122,773,978
1974/75 .....	138,138,022
1975/76 .....	151,421,847
1976/77 .....	208,145,759
1977/78 <sup>②</sup> .....	230,090,792

① Before deduction of State-reimbursed exemptions (except for 1968/69).

② Excludes Improvement District B.

Source: San Diego County Auditor-Controller.

## Tax Levies and Delinquencies

Taxes on the secured roll are payable in two installments on November 1 and February 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. Taxes on unsecured property are assessed and payable on March 1 and become delinquent the following August 31 in the next fiscal year.

The tabulation at the bottom of page 14 shows the amount of secured taxes levied by the overall District, excluding a separate Improvement District No. 1 tax levy for bond service, for the period

1970/71—1976/77, the amount and percent of current taxes delinquent on June 30 of each year and the total collections each year, including those from prior years, penalties and interest.

## Tax Rates

The basic District property tax rate for the 1977/78 fiscal year was established at \$0.35 per \$100 assessed valuation, unchanged from 1976/77. This rate includes a \$0.17 levy for general purposes and \$0.18 for general obligation bond service on outstanding 1956 Bonds and 1976 Series A Bonds. From 1971/72 through 1976/76, the District's tax rate remained constant at \$0.20 per \$100/A.V., which included rates for both operations and general obligation bond service.

Under California statutory tax rate limitations, the District's maximum allowable ad valorem tax rate, other than to meet debt service on voter-approved general obligation bond issues, is \$0.185 per \$100 assessed valuation.

A total of 140 tax code areas were established within the District for the 1977/78 fiscal year. The two largest, Code Areas 86010 and 86024, had a combined 1977/78 assessed valuation of \$63,241,105, or about 26 percent of the District's total assessed valuation. The tax rates applying to all property within both areas are the same and are presented in the tabulation to the right.

## Major Taxpayers

San Diego County does not compile listings of the principal ad valorem taxpayers in each particular taxing entity within the county.

## PADRE DAM MUNICIPAL WATER DISTRICT 1977/78 Tax Rates/\$100 A.V.

### Tax Code Areas 86010 and 86024

Taxing Entity	Tax Rate
San Diego County .....	\$ 1.825
County Library .....	.135
Elementary schools .....	1.898
High schools .....	2.646
Community college .....	1.027
Other education .....	1.225
County Service Areas .....	.136
Flood control .....	.122
Fire protection district .....	.974
Grossmont Hospital District .....	.144
Metropolitan Water District .....	.130
County Water Authority .....	.110
Padre Dam M.W.D., I.D. C .....	.350
Total .....	\$10.722*

\*Excludes \$.007 on land only for resource conservation (applicable to both code areas) and \$.145 on land and improvements only for lighting maintenance (Code Area 86024 only).

Source: San Diego County Auditor-Controller.

## Pension Plan

The District maintains a contributory, self-trusted pension plan open to all full-time employees after they have completed one year of continuous service. The District's policy is to fund the pension cost accrued each year. Effective July 1, 1975, the District's portion of such cost became approximately 9% of the gross annual compensation of the participants in the plan. The District's portion totalled

## PADRE DAM MUNICIPAL WATER DISTRICT

### Tax Levies and Delinquencies<sup>①</sup>

Fiscal Year	District Secured Tax Levy	Amount Collected June 30	Amount Delinquent June 30	Percent Delinquent June 30	Total Collections June 30	Percent Collected
1970/71 .....	\$132,022	\$125,445	\$ 6,577	4.98%	\$128,853	97.7%
1971/72 .....	166,179	161,479	4,700	2.83	168,139	101.1
1972/73 .....	194,939	188,101	6,838	3.51	192,923	99.0
1973/74 .....	198,747	189,623	9,124	4.59	196,844	99.0
1974/75 .....	223,954	208,516	15,438	6.90	214,851	95.9
1975/76 .....	245,438	231,382	14,056	5.73	241,376	98.3
1976/77 .....	623,025	603,358	19,667	3.16	621,913	99.8

<sup>①</sup> Source: San Diego County Auditor-Controller.



\$57,094 in 1976/77. The participants are required to contribute 4% of their gross annual compensation. Each participant may, at his election, contribute up to an additional 10% of his gross compensation to the plan. The contributions purchase individual fixed or variable life annuity policies from Aetna Life and Casualty Company for each participant. There are no unfunded past service costs. As of January 1, 1978, 52 of the District's 75 full-time employees participated in the pension plan.

### **Insurance in Effect**

As of July 1, 1977, the District had in effect the following insurance coverage: Bodily injury, property damage and auto fleet—\$1,000,000; Optional peril—\$875,500; Comprehensive on buildings and other items ranging from \$1,000 to \$180,000, depending on item insured; Comprehensive on boiler and machinery—\$25,000 to \$250,000; and an umbrella excess liability coverage of \$5,000,000 for each occurrence with a \$10,000 retained limit.

### **Income, Expenses and Balance Sheet**

Table 3 on page 16 presents an unaudited summary of the District's income and expenses for the first six months of the current 1977/78 fiscal year. Table 4 on page 17 presents a summary of the District's income and expenses for the period 1972/73 through 1976/77. The Santee County Water District was consolidated into the Padre Dam Municipal Water District on January 1, 1977. Figures shown in Table 3 for 1976/77 combine audited totals for the two districts for the first half of 1976/77 with combined totals for the common district for the second half of that fiscal year. The figures are extracted from the District's annual audit reports. Copies of such reports are available at the District offices. Table 5 on page 18 presents a three-year summary of the District's audited balance sheet.

The District uses a modified accrual enterprise method of accounting as required by the California State Controller. In general, income is recorded when earned and expenses are recorded upon incurrence of liability, except accrued interest on outstanding indebtedness which is payable from appropriations of the following year. The District budget is on a memorandum basis only and encumbrances are not recorded.

### **Direct and Overlapping Bonded Debt**

As of the sale date of the Bonds currently offered, the District will have outstanding \$7,120,000 gen-

eral obligation bonds. In addition to the \$2,100,000 Series B Bonds currently offered, the total includes \$90,000 Rio San Diego Municipal Water District (MWD) 1956 Bonds; and \$4,930,000 Rio San Diego MWD 1976 Bonds, Series A. In addition, there are outstanding \$2,285,000 Rio San Diego MWD—Improvement District No. 1, 1961 Bonds (2 series); \$3,005,000 Santee County Water District bonds; and \$150,000 Santee County Water District, Improvement District Nos. 3 and 4 bonds. These latter bonds are debt of various improvement districts within the Padre Dam Municipal Water District, except for \$303 of the Santee County Water District bonds and \$3,816 of the Improvement District No. 1 bonds.

There are also \$200,000 principal amount general obligation bonds for Improvement District No. 2 that were authorized at a special election on December 10, 1968. The bonds have never been sold and there has been no activity within Improvement District No. 2. The District does not anticipate sale of these bonds in the foreseeable future.

Table 6 on page 19 presents the District's direct and estimated overlapping bonded debt as of the sale date of the Series B Bonds currently offered. The District's share of authorized but unissued bonds is shown on page 18.

### **Other Debt Obligations**

The District has five other long-term debt obligations other than bonded indebtedness, as described in the following paragraphs.

First, the District has annexation charges payable to the Metropolitan Water District and San Diego County Water Authority for participation rights in the two agencies. As of June 30, 1977, the total payable to the Metropolitan Water District was \$463,827 and \$960 to the Authority. The annexation charges are repaid through ad valorem taxes levied directly on property owners by the two agencies being repaid. The annexation fees will be fully repaid to the Metropolitan Water District in 1991 and to the Authority in 1980.

Second, the District contracted with the City of San Diego in 1960 to purchase a portion of the El Capitan pipeline which connects the district system with the San Diego Aqueduct. As of the date of the bonds currently offered, the District will have outstanding \$70,000 of this debt, to be fully paid in two equal annual installments, coming due July 1, 1979.

Third, the District has a debt obligation for the District administrative offices. The building was financed by a revenue note issued by Padre Dam Water Resources Agency under a joint exercise of powers agreement between the Rio San Diego Municipal Water District and the Santee County Water District. The joint powers agency was terminated upon consolidation of its two member agencies. The District assumed the obligation of the note. As of the sale date of the Bonds, the amount due on the note is \$410,204, payable in semiannual installments of \$24,794. The note will be retired in April 1989.

Fourth, the District is party to a number of reimbursement contracts with consumers who have made contributions to the District to aid in the construction of water and sewer facilities. These contracts are for water facilities in Improvement District No. 1 for sewer and water lines in the former Santee County Water District (now Improvement District A). These contracts are to be repaid as new con-

nections are made to the extensions solely by those connecting to such extensions. Only connections made within ten years from the date of each contract qualify for repayment; the contracts are void after that date. Since the amount of repayment is uncertain because it is based on connections that may or may not be made, these contracts are not shown as a fixed liability of the District. The District's auditors reported the maximum amount repayable as of June 30, 1977, for all reimbursement contracts, amounted to \$44,490 for sewer facilities and \$795,776 for water facilities—a total of \$840,266.

The fifth obligation is a lease with the City of San Diego for a portion of the latter's pipeline to transport water filtered by the San Diego County Water Authority to the District. After partial reimbursement by the water authority, the District's net minimum annual lease payments due the City are \$5,531 from 1979 through 1981 and \$27,655 from 1982 through 2001.

**Table 3**

**PADRE DAM MUNICIPAL WATER DISTRICT**

**Income and Expenses—July 1 through December 31, 1977**

	Improvement Districts			
	A	C	No. 1	Total
Operating income .....	\$2,053,220	\$571,419	448,839	\$3,073,478
Operating expenses .....	597,947	587,277	404,127	1,589,351
Net operating income (loss) .....	\$1,455,273	\$(15,858)	\$ 44,712	\$1,484,127
Non-operating income .....	\$ 204,399	\$435,285	\$412,456	\$1,052,140
Non-operating expenses .....	512,286	159,221	80,214	751,721
Non-operating income (loss) .....	\$ (307,887)	\$276,064	\$332,242	\$ 300,419
NET INCOME .....	\$1,147,386	\$260,206	\$376,954	\$1,784,546

Source: District finance department.



Table 4

## PADRE DAM MUNICIPAL WATER DISTRICT

Income and Expenses<sup>①②</sup>

	1972/73	1973/74	1974/75	1975/76	1976/77
OPERATING INCOME:					
Water sales .....	\$701,455	\$ 880,540	\$ 933,224	\$1,128,219	\$2,403,630
Connection fees/other services .....	78,593	97,437	155,467	131,852	1,041,805
Total operating income .....	\$780,048	\$ 977,977	\$1,088,691	\$1,260,071	\$3,445,435
OPERATING EXPENSES:					
Water purchases .....	\$497,296	\$ 646,702	\$ 715,263	\$ 892,906	\$1,464,065
Pumping and storage .....	40,804	49,247	103,601	164,427	161,211
Water treatment .....	5,160	4,351	1,943	4,444	—
Transmission and distribution .....	69,722	80,372	124,064	179,490	298,317
Customer accounts .....	11,309	14,705	8,177	26,033	98,624
Administrative and general .....	91,647	124,546	207,157	134,887	634,539
Depreciation, less overhead .....	93,284	102,143	66,999	89,835	252,227
Total operating expenses .....	\$809,222	\$1,022,066	\$1,227,204	\$1,492,022	\$2,908,983
Net operating income (loss) ...	\$(29,174)	\$ (44,089)	\$ (138,513)	\$ (231,951)	\$ 536,452
NON-OPERATING INCOME:					
Property taxes .....	\$480,361	\$ 535,686	\$ 556,402	\$ 763,895	\$1,310,820
Interest income .....	46,340	113,630	146,161	81,031	394,232
Waste disposal revenue .....	—	—	—	—	1,060,957
Other <sup>③</sup> .....	203,323	124,577	245,717	75,498	1,141,049
Total non-operating income ...	\$730,024	\$ 773,893	\$ 948,280	\$ 920,424	\$3,907,058
NON-OPERATING EXPENSES:					
Interest expense <sup>④</sup> .....	\$114,534	\$ 104,896	\$ 103,720	\$ 101,083	\$ 429,663
Waste disposal expenses .....	—	—	—	—	874,033
Other .....	2,642	25,437	2,133	—	176,529
Total non-operating expenses ..	\$117,176	\$ 130,333	\$ 105,853	\$ 101,083	\$1,480,225
NET INCOME .....	\$583,674	\$ 599,471	\$ 703,914	\$ 587,390	\$2,963,285

① Extracted from District audits by Eggert and Baughman, CPAs, copies on file at District office.

② Beginning in 1976/77, all figures pertain to entire District, including Improvement Districts A, C and No. 1. (Improvement Districts B and No. 2 are not operational.) Prior to 1976/77, figures pertain to Improvement Districts C and No. 1.

③ Includes contributions for construction from other agencies.

④ Includes bond interest.

Table 5

## PADRE DAM MUNICIPAL WATER DISTRICT

Balance Sheet<sup>①②</sup>

	June 30, 1975	June 30, 1976	June 30, 1977
<b>ASSETS</b>			
Plant, less accumulated depreciation .....	\$3,966,070	\$4,818,926	\$20,207,048
Construction in progress (including bond funds) .....	445,581	184,348	3,032,871
Participation rights—Metropolitan Water District .....	936,980	936,980	936,980
Participation rights—County Water Authority .....	124,100	124,100	124,100
Cash in bond funds .....	144,828	186,651	3,736,271
Other assets—general funds .....	61,706	32,679	9,121
Cash in banks/local agency investment fund .....	1,623,104	1,680,435	6,360,708
Water accounts receivable .....	100,369	154,349	296,301
Other current assets (including other receivables) .....	51,731	68,692	555,669
Total Assets .....	<u>\$7,454,469</u>	<u>\$8,187,160</u>	<u>\$35,259,069</u>
<b>LIABILITIES</b>			
Lease payments due Padre Dam .....	\$ —	\$ 192,926	\$ 437,929
General obligation bonds payable .....	2,045,000	1,960,000	10,810,000
Contract payable—City of San Diego .....	170,000	105,000	105,000
Annexation charges payable .....	520,811	496,636	464,787
Less: Current portion long-term debt .....	(115,000)	(120,000)	(411,971)
Special fund liabilities .....	1,878	1,095	50,481
Accounts payable .....	104,018	204,545	260,379
Other liabilities .....	34,263	31,306	374,877
Current portion long-term debt .....	115,000	120,000	411,971
Subtotal Liabilities .....	<u>\$2,875,970</u>	<u>\$2,991,508</u>	<u>\$12,503,453</u>
<b>RESERVES AND FUND BALANCES</b>			
Reserve for uncollectibles .....	\$ 26,653	\$ 7,964	\$ 5,121
Appropriated for capital projects .....	—	—	567,806
Bond fund balances .....	142,950	185,556	286,473
Unappropriated fund balances .....	1,671,976	1,692,340	6,576,355
Investment in fixed assets .....	2,736,920	3,309,792	15,319,861
Subtotal Reserves and Fund Balances .....	<u>\$4,578,499</u>	<u>\$5,195,652</u>	<u>\$22,755,616</u>
Total Liabilities, Reserves and Fund Balances .....	<u>\$7,454,469</u>	<u>\$8,187,160</u>	<u>\$35,259,069</u>

① From audit reports of District by Eggert and Baughman, CPAs, copies on file at District office.

② 1977 figures for entire District, including Improvement Districts A, C and No. 1. 1975-76 figures for Improvement Districts C and No. 1 (Improvement Districts B and No. 2 are not reported separately).

## District's Share of Authorized and Unsold Bonds

Padre Dam Municipal Water District, ID C .....	\$1,300,000	Alpine Sanitation District .....	\$295,000
Padre Dam Municipal Water District, ID No. 2 .....	200,000	Lakeside Union School District .....	400,833
Metropolitan Water District .....	1,777,550	Santee School District .....	272,692
		Other districts .....	33,475

Source: California Municipal Statistics, Inc., San Francisco, California.



Table 6

## PADRE DAM MUNICIPAL WATER DISTRICT

## Direct and Estimated Overlapping Debt

Population (January 1977) .....	79,410 <sup>①</sup>	
1977/78 Assessed Valuation (excluding ID B) .....	\$230,090,792	
Estimated Market Value .....	\$934,602,000 <sup>②</sup>	

  

Entity	Percent Applicable <sup>③</sup>	Debt Applicable June 27, 1978 <sup>④</sup>
San Diego County .....	3.273%	\$ 73,970
Metropolitan Water District .....	.487	2,567,089
San Diego County Water Authority .....	3.471	1,786,697
Padre Dam Municipal Water District, ID C .....	100.	7,120,000 <sup>⑤</sup>
Padre Dam Municipal Water District, ID No. 1 .....	99.833	2,281,184
Grossmont Community College District .....	21.233	1,053,157
Grossmont Union High School District (various issues) .....	21.482-22.088	1,651,077
Alpine Union School District .....	82.869	425,117
Lakeside Union School District .....	82.646	1,144,647
Santee School District .....	97.390	3,171,000
Cajon Valley Union School District (Various issues) .....	5.755-7.313	340,048
Other school districts .....	Various	114,707
Santee County Water District .....	99.990	3,154,697
Helix Water District and El Cajon Annex .....	1.777-6.762	155,632
Alpine Sanitation District .....	100.	285,000
Other cities and special districts .....	Various	88,368
<b>TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT ..</b>		<b>\$25,412,390</b>
Less: Santee County Water District and Helix Water District (100% self-supporting) .....		3,231,336
<b>TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT ....</b>		<b>\$22,181,054</b>

  

	Ratio to		
	1977/78 Assessed Valuation	Estimated Market Value	Per Capita
1977/78 Assessed Valuation .....	100. %	② %	\$3,068
Direct Debt <sup>⑥</sup> .....	3.09	.76	90
Gross Total Debt .....	11.04	2.72	321
Net Total Debt .....	9.64	2.37	280

① Source: San Diego County Planning Department estimate.

② The State Board of Equalization reported 1977/78 San Diego assessed valuations average 24.6 percent of full value except for public utility property which was reportedly assessed at 25 percent of full value.

③ Source: California Municipal Statistics, Inc., San Francisco, California.

④ Excludes District's share of county lease obligations (\$1,042,029) and other authority lease obligations (\$3,454,778). Excludes sales and repayments, if any, between May 17 and June 27, 1978.

⑤ Includes \$2,100,000 to be sold June 27, 1978.

⑥ Excludes Santee County Water District bonds (now Padre Dam MWD—ID A) and Bonds for Padre Dam MWD—ID No. 1.

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# ECONOMY OF THE DISTRICT

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## Geography

The Padre Dam Municipal Water District is located approximately 25 miles east of the City of San Diego in the south-central part of San Diego County. It is immediately north and east of the City of El Cajon. The District comprises about 85 square miles at average elevations ranging from 400 to 2,500 feet above sea level. Since an extensive freeway network serves the District, residents have access to the entire San Diego Metropolitan area for employment, commercial and cultural endeavors.

## Population

The District's January 1977 population was estimated to be 79,410 by the San Diego County Planning Department. This is based on census tracts that are substantially or entirely within the District, and represents a 54.2% increase since 1970. The tabulation below presents census data since 1960, the first census after the District's formation in 1955.

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### PADRE DAM MUNICIPAL WATER DISTRICT Population Growth

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Year	Santee	Lakeside	Total District <sup>①</sup>
1960 <sup>②</sup> . . . . .	11,610	13,445	30,554
1970 <sup>②</sup> . . . . .	19,793	22,734	51,506
1977 <sup>③</sup> . . . . .	35,510	31,500	79,410

① Includes Santee, Lakeside and other areas that comprise entire District.

② U.S. Census.

③ San Diego County Planning Department estimate.

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## Housing

The aforementioned January 1977 estimate by the county reported that there were 27,256 dwelling units in those census tracts substantially within the District, of which 18,395 were single-family, 2,655

multi-family and 6,206 mobile homes. The 1970 Federal Census reported a total of 15,755 dwelling units in the same census tracts. The District estimates the current average home value to be in excess of \$50,000, with a range from \$30,000 to over \$150,000. Average rent is estimated at \$200 per month.

## Principal District Communities

The District is mostly unincorporated but includes part of the City of El Cajon and all or parts of the communities of Alpine, Harbison Canyon, Crest, Flinn Springs, Lakeside, Santee and surrounding areas.

The largest of these is Santee, with a January 1977 population estimated at 35,510. The community is principally residential in nature with a growing commercial base.

The second largest community, with a January 1977 estimated population of 31,500 is Lakeside. The area has continued to grow as a residential community with accompanying commercial development.

Alpine, Harbison Canyon, Crest and Flinn Springs, located within Improvement District No. 1, had a January 1977 population of 12,400 based on the three census tracts within the improvement district. Land use is principally residential with some commercial development.

## Commerce

The District has a number of local commercial areas with a wide range of shops and other outlets, principally in Santee. The center of trade in the general area is the City of El Cajon, where there are many shopping areas including the 80-acre Parkway Plaza regional shopping center. The center, the largest in San Diego County, was completed in 1972 and has 83 specialty shops. In addition Sears has a 285,000 square foot store, the May Company a 110,000 square foot store and Woolworth's a 100,000 square foot unit. The entire Parkway Plaza center is covered, providing climate-controlled shopping and mall areas throughout.

Statistics for taxable transactions are not compiled for the District separately. However, as an indicator of general commercial activity, the tabulation at the top of the next page presents a summary since 1972 of taxable transactions for both the City of El Cajon and San Diego County, as reported by the State Board of Equalization.



### Taxable Transactions (\$000)

Year	City of El Cajon	San Diego County
1972 .....	\$215,291	\$3,293,149
1973 .....	263,720	3,833,391
1974 .....	290,882	4,296,856
1975 .....	326,753	4,740,460
1976 .....	377,395	5,395,786
1977 (9 mos.) ....	326,934	4,806,778

Source: State Board of Equalization.

### Building Activity

Total building permit valuations are not reported for separate unincorporated communities in San Diego County. However, the San Diego Building Department compiles new dwelling unit valuations on a census tract basis and it is believed that the majority of new construction within the District has been of a residential nature. The tabulation to the right summarizes dwelling unit construction and building permit valuations within the District for the period 1970-77.

### PADRE DAM MUNICIPAL WATER DISTRICT New Dwelling Units/Permit Valuations

Year	Entire District <sup>①</sup>	
	Number New Units <sup>②</sup>	Permit Valuation
1970 .....	1,469	\$21,483,000
1971 .....	2,505	39,191,000
1972 .....	2,209	40,871,000
1973 <sup>③</sup> .....	2,393	35,810,000
1974 <sup>③</sup> .....	245	7,437,000
1975 <sup>③</sup> .....	308	11,398,000
1976 .....	2,636	42,709,776
1977 .....	2,751	48,611,373

① Data for Alpine, Harbison-Crest, Lakeside and Santee census tracts.

② Includes single and multi-family dwelling units.

③ Sewer and building moratoriums in effect in Lakeside and Santee from May 1973 to October 1975.

Source: San Diego County Building Department.

### Industry

There are no major industries located within the District. However, in the adjacent City of El Cajon and environs there are a number of large employers.

The Parkway Plaza regional shopping center, while located outside the District in adjacent El Cajon, is a major center serving District residents.



Industry in the area has grown at a rapid pace since 1951, when that city established one of the first industrial parks in San Diego County. The El Cajon Industrial Park, containing approximately 450 acres, was set aside and zoned for light industrial use by the city to attract new industry to the community. As a result of the city's industrial development program, over 100 new industries with total annual payrolls exceeding \$30,000,000 have located in the area in the last ten years, most of which have established their operation in the industrial park. Now over 50 percent developed, the city's industrial park offers ideal location, easy accessibility, proper zoning, and all streets and required utilities in place.

A well diversified group of over 400 manufacturing, processing and distribution firms are located throughout the areas zoned for industrial use within the El Cajon community area. Among the numerous industrial firms that have chosen to locate in the area, the largest in terms of 1977 employment (latest statistics available) are (number of employees in parenthesis): Ametek, Straza Industries (600)—aircraft parts; Stromberg DatagraphiX (400)—data processing components; Buck Knife, Inc. (350)—cutlery; Vanier Graphics Corp. (250) — business forms; Stevens Air Systems (225) — machining; Lamco Industries (225)—aircraft parts; Pathway Bellows (225)—expansion joints; Jet Air (225)—welding; Carpenter Technology (175) — nuclear components; and Precision Metal Products (175)—forgings.

Major non-manufacturing employers include the City of El Cajon (425); El Cajon Valley Hospital (350); Sears, Roebuck & Co. (325); San Diego Gas & Electric (300); Montgomery Ward Warehouse (250); and Travelodge International (225).

Although the major factor contributing to the area's increasing industrial development is probably the timely establishment of a large well-planned industrial park, other important factors include: (1) the direct freeway connection between the El Cajon Valley and San Diego (Interstate 8); (2) the development of Gillespie Field, a county-owned airport located in the District and immediately north of the industrial park, as the principal executive aircraft landing field in the county; (3) direct rail service from local industrial sites to San Diego main line connections; and (4) the attractive living conditions for which the El Cajon Valley and surrounding areas are noted. Much of the land within the Gillespie Field area is currently undergoing industrial development.

In addition to the nearby El Cajon community area, the District is approximately 25 miles from the San Diego industrial complex that has developed in the metropolitan area since the 1940's. More than 1,200 manufacturing companies are located in the county and the majority of these are within the San Diego Metropolitan Area. Based on reported payrolls, the major industrial groups are aircraft-missile and related industries, food processing, printing and publishing, electrical and non-electrical machinery, shipbuilding, fabricated metals and wearing apparel. According to the most recent San Diego Chamber of Commerce survey, the total value of manufactured products in 1976 (latest available data) approximated \$3.18 billion.

## Employment

Employment statistics are not compiled for the District area alone. The California State Employment Development Department compiles statistics for the labor market including all of San Diego County. Most of the county employment centers are within commuting distance of District residents. The tabulation below presents a summary of employment for the San Diego Labor Market Area for March 1977 and 1978.

### SAN DIEGO LABOR MARKET AREA March 1977 and 1978 Employment

Type of Employment	March 1977	March 1978
Agriculture .....	10,800	9,000
Mining .....	800	800
Construction .....	30,200	30,900
Manufacturing .....	74,100	81,800
Transportation and Public Utilities .....	23,500	24,800
Trade, Wholesale and Retail..	119,100	128,000
Finance, Insurance and Real Estate .....	28,900	31,200
Services .....	109,800	115,900
Government .....	136,300	140,700
TOTAL .....	533,500	563,100
Seasonally adjusted unemploy- ment rate .....	9.0%	7.5%

Source: California State Employment Development Department.



## **Transportation**

The District is served by State Route 67 and Interstate 8. These freeways provide connections to Interstate 15, Interstate 5, and Interstate 805, providing access to the Los Angeles area and other points throughout California and beyond.

Approximately 20 local and transcontinental trucking firms serve the area in the vicinity of the District and provide overnight delivery to Los Angeles and San Francisco, California, and Phoenix, Arizona. Local and commuter bus service is provided in the District by the San Diego Transit System, and long distance service is provided by Greyhound Lines and Continental Trailways in adjacent El Cajon.

San Diego Harbor, operated by the San Diego Unified Port District, is a principal deep-water harbor on the Pacific Coast. Total tonnage handled in the harbor in 1975/76 was close to 1.7 million tons.

The San Diego and Arizona Eastern Railroad, a subsidiary of the Southern Pacific Company, extends a branch line into El Cajon and connects with the main line of the Santa Fe Railway in San Diego. Local spur lines furnish extensive freight service to the industrial areas adjacent to the District. Amtrak operated rail passenger service to Los Angeles and beyond is available at San Diego.

San Diego County maintains a modernized, well-equipped general aviation airport in Santee, which is within the District. Gillespie Field features three heavy-duty runways, FAA control tower operation, and complete aircraft service and storage facilities. Conveniently located in relation to the San Diego Metropolitan Area, Gillespie Field serves as the principal airport for business and transient aircraft use in the county. Air service to all parts of the state, nation and abroad is available at San Diego International Airport in San Diego.

## **Education**

Elementary and high school education is provided to District residents principally by the Alpine Union School District, Lakeside Union School District, Santee School District and Grossmont Union High School District. The District is also located within the Grossmont Community College District, which operates Grossmont College, a two-year community college.

Located within easy commuting distance are a number of well known institutions of higher learning: San Diego State University, the University of San Diego, United States International University and the University of California at San Diego. The University of California contributes to area research activities and is the home of the world-renowned Scripps Institution of Oceanography.

## **Community Facilities**

Located within the District are three county parks and a park owned by the District. The latter park is the previously discussed Santee Lakes, developed utilizing reclaimed water. In addition there are a number of school playgrounds available to District residents. There are nine golf courses in the area with two located within the District. The County maintains public libraries in Alpine, Lakeside and Santee. The District and surrounding community is served by most major banks and savings and loan institutions.

Three general hospitals with a total bed capacity of 503 are located in adjacent El Cajon. There are over 175 physicians and surgeons, dentists, optometrists and chiropractors practicing within the District and El Cajon.

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